

Message Text

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ACTION EB-07

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SUBJECT: CONTINUING DIFFICULTIES OF AMERICAN SUBSIDIARIES IN NAPLES

REF: NAPLES 427

BEGIN SUMMARY: PERIOD APRIL 23-MAY 6 MARKED BY LIMITED DEVELOPMENTS, INCLUDING: (A) SLOW PROGRESS IN RICHARDSON-MERRELL--ANIC SALE NEGOTIATIONS (OWING TO U.S. MANAGEMENT INDECISION) AND RENEWED LABOR AGITATION IN PLANT; (B) REJECTION BY DISMISSED GENERAL INSTRUMENT EMPLOYEES OF INDUSTRY MINISTER'S OFFER OF ALTERNATIVE JOBS; AND, (C) UNION ACCEPTANCE OF NEW SPERRY SUD PRODUCTION PROGRAM. END SUMMARY.

1. ACCORDING RICHARDSON-MERRELL (R-M) LOCAL PRESIDENT HERNANDEZ, CONTINUING CONTACTS WITH ANIC PRESIDENT PAGANO INDICATE PAGANO

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DESIROUS OF CONCLUDING AGREEMENT ON SALE OF EQUITY AND OF SIGNING LETTER OF INTENT IN LATE MAY. HOWEVER, HERNANDEZ STATED THAT HE SOMEWHAT DISAPPOINTED AT FAILURE OF HIS FIRM'S WILTON, CONNECTICUT HEADQUARTERS TO REACH DECISION ON SALE TERMS, WITHOUT WHICH FURTHER PROGRESS IN NEGOTIATIONS IMPOSSIBLE. ALTHOUGH HE VOICED SOME CONCERN THAT CONTINUANCE OF EXCESSIVE CAUTION AT HEADQUARTERS MIGHT
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JEAPORDIZE CHANCES FOR SALE, HE REMAINS OPTIMISTIC THAT AGREEMENT

WILL BE REACHED. WITHIN PLANT, MONTH OF LABOR PEACE ENDED ABRUPTLY
MAY 6, WHEN FACTORY COUNCIL DENOUNCED QUOTE PHONY NEGOTIATIONS UNQUOTE

AND CALLED FOR NEW SERIES OF STRIKES, ASSEMBLIES, AND PUBLIC
DEMONSTRATIONS. HERNANDEZ ALSO INDICATED THAT FACTORY COUNCIL
ATTEMPTING TO ESTABLISH TIES WITH ANIC UNION REPRESENTATIVES, WITH
AIM OF PLAYING LARGER ROLE IN R-M--ANIC NEGOTIATIONS.
2. DEADLOCK IN GENERAL INSTRUMENT'S (GI) PLANT OCCUPATION CONTINUES.
DURING MEETING WITH GI FACTORY COUNCIL REPRESENTATIVES, APRIL 23
(REFTEL), MINISTER OF INDUSTRY DONAT CATTIN REPORTEDLY OFFERED
ALTERNATIVE JOBS IN STATE-CONTROLLED INDUSTRIES TO DISMISSED WORKERS.
ACCORDING GI LOCAL MANAGER CORRADETTI, WORKERS' REBUFF OF MINISTER'S
OFFER AND CONTINUED STRIDENT DEMANDS FOR ITALIAN GOVERNMENT TAKEOVER
OF FACTORY HAVE CAUSED GOVERNMENT OFFICIALS AT ALL LEVELS, AS WELL

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AS UNIONS, TO REDUCE EFFORTS ON WORKERS' BEHALF. CORRADITTI STATED
THAT WORKERS REMAIN ADAMANT TO REFUSAL TO NEGOTIATE WITH GI. FIRM,
IN TURN, REQUIRES TIME TO DEVELOP NEW MANUFACTURING PROGRAMS, MADE
NECESSARY BY LOSSES OF MARKETS AND CONTINUING DECLINE IN ELECTRONICS
PRICES IN EUROPE, AND IS IN NO HURRY TO REACH AGREEMENT. CORRADETTI
ALSO INFORMED COMMERCIAL OFFICER THAT GI DISMISSAL OF 314 WORKERS
HAD, SURPRISINGLY, BEEN UPHELD AS JUSTIFIED BY LOCAL JUDGE IN MARANO
MUNICIPALITY, RULING ON SUIT BROUGHT BY WORKERS. CORRADETTI
COMMENDED JUDGE'S COURAGE IN DELIVERING RULING, FOR WHICH PRECEDENTS
UNCLEAR, IN TENSE AND UNRULY COURTROOM PACKED WITH DISMISSED WORKERS
AND THEIR EXTRA-PARLIAMENTARY LEFT SUPPORTERS.
3. SPERRY SUD GENERAL MANAGER ROSSI MET WITH UNIONS ON APRIL 23
(REFTEL) AND SUBSEQUENTLY, TO INFORM THEM OF NEW PRODUCTION PLANS.
UNION REPRESENTATIVES EXPRESSED DISSATISFACTION WITH STILL QUALIFIED
NATURE OF PLANS' APPROVAL, BUT INDICATED THEIR ACCEPTANCE OF PROGRAMS
OUTLINED. ROSSI ANTICIPATES THAT FINAL APPROVAL OF RESTRUCTURING
PROGRAMS SHOULD BE RECEIVED FROM U.S. HEADQUARTERS BY JULY 1.
4. SITUATIONS AT OTHER TROUBLED FIRMS -- MOBIL OIL, PITTSBURGH PLATE
GLASS, AMERICAN UNIFORM, AND 3M -- REMAIN UNCHANGED.
5. COMMENT: DIFFICULTIES OF AMERICAN SUBSIDIARIES CONTINUE, BUT IN

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INCREASINGLY MUTED FORM. RESTRAINT SHOWN BY 3M, AMERICAN UNIFORM,
AND PITTSBURGH PLATE GLASS IN DELAYING LAYOFFS HAS NOT BEEN LOST
ON UNIONS AND AUTHORITIES. BARRING UNEXPECTED DEVELOPMENTS, MOBIL
OIL AND SPERRY SUD APPEAR TO HAVE GAINED A BREATHING SPACE WITH
UNION ACQUIESCENCE IN THEIR RESTRUCTURING PLANS. GENERAL INSTRUMENT
AND RICHARDSON-MERRELL REMAIN CAUSES OF CONCERN, HOWEVER, OBSTINANCE

OF GI'S DISMISSED WORKERS HAS CAUSED NOTICEABLE WANING OF POLITICAL
INTEREST ON THEIR BEHALF, AND RICHARDSON-MERRELL NEGOTIATIONS,
ALTHOUGH
PROCEEDING SLOWLY, SUPPORT RESTRAINED OPTIMISM FOR SUCCESSFUL
RESOLUTION OF THE DIFFICULTIES OF THIS POLITICALLY SENSITIVE FIRM.
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